

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF CREDIT UNIONS

NEWSLETTER

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CREDIT UNION COMMISSION MEETS BY CONFERENCE CALL

The Credit Union Commission met on December 9th by telephone conference call. Commission members present were John Hanneke, Bill Humpfer, Sharon Ichord, Cathy Stroud, Pat Macdonald and Pat Yokley. Others joining on the call were Becky Kilpatrick from the Department of Economic Development, Christie Kincannon from the Attorney General's Office, Kari Greathouse and Peggy Nalls from the Missouri Credit Union System; and from the Division of Credit Unions, Rob Berry, Maribeth Neidert and John P. Smith.

The Commission approved the minutes from their November 4th, 1999 meeting.

The Commission adopted a proposed rule regarding the exemption from the limitation on adding new groups to the field of membership of an existing credit union. The proposed rule will be published in the Missouri Register for a thirty-day comment period. Following the review of the comments received, the Commission will make a decision regarding adoption of a final rule. The proposed rule is as follows:

A credit union desiring to make an application to expand its field of membership pursuant to 370.081 by adding a group with more than 3,000 members must request approval from the Commission prior to submitting an application to the Director. The request should be submitted on the form approved by the Commission. The request should also include proof in the form of documentation or otherwise that is sufficient to show the group satisfies one of the three (3) exceptions listed in 370.081.2(1)(a)-(c). This proof can include but is not limited to the following:

- A. *Lack of volunteers or other resources*
1. *Documentation in the form of letters from the group desiring credit union*

membership indicating the lack of volunteer support.

2. *Letters, surveys or petitions indicating that no group has shown an interest in starting a credit union that would encompass the group desiring to join the credit union.*
- B. *The desire of the new group to start their own credit union.*
1. *Documentation showing the desire of the group to join the existing credit union.*
 2. *Documentation showing the desire of the group to start their own credit union.*
 3. *Documentation regarding the economic advisability of the group to start a credit union including market expectations, ability to build capital and reasonable accessibility.*
 4. *The group must show it can meet the criteria established in 4 CSR 105-3.030.*
- C. *The Group would be unlikely to operate in a safe and sound manner.*
1. *Documentation showing lack of management, lack of capital, lack of expertise to operate a credit union, lack of volunteers and lack of insurability or any action which would result in abnormal risk.*

None of these categories are exclusive allowing an applicant to use any combination of proof to meet its burden under the statute.

The Commission considered the application for expansion of the field of membership submitted by Central Missouri Community Credit Union to add four counties. Since more than 3,000 potential members reside within the four counties, the Commission reviewed the documentation submitted with the application and determined that sufficient volunteer support was lacking to form a new credit union. Individuals residing within the proposed expansion area also submitted documentation of their desire to join the credit union. The Commission granted an exemption to the group.

From the Director: Central Missouri Community Credit Union's application was published in the November 15, 1999, Missouri Register. No comments were received within the required ten-business day comment period. The Director, Division of Credit Unions gave provisional approval to the expansion. The Director's decision will be published in the Missouri Register. If no appeal to the Commission is made within fifteen calendar days following the publication, final approval of the expansion will be given.

The Commission considered the application for expansion of the field of membership submitted by Arsenal Credit Union to add three zip codes. Since more than 3,000 potential members reside within the three zip codes, the Commission reviewed the documentation submitted with the application and determined that sufficient volunteer support was not evident to form a new credit union. Signatures of individuals residing within the proposed expansion area were submitted as documentation of desire to join the credit union. The Commission granted an exemption to this credit union. Notice of this credit union's application will be published in the Missouri Register.

The Director informed the Commission about the formation of a task force to determine if there is support to develop a member business-lending rule for Missouri chartered credit unions. The task force met on December 17th. Members of the task force are Dennis Pierce, Dave Osborn, Hal James, Pat Yokley, Hubert Hoosman, Leon Kusnetzky, and staff from the Division of Credit Unions.

The Director also described the National Credit Union Administration's (NCUA) random review of Missouri chartered credit unions for risk to the National Share Insurance fund (NCUSIF). These reviews will begin January 1, 2000 and will be performed jointly with Missouri State examiners. Credit unions that have been selected are: DeSoto MoPac, District 8 Highway Employees, Employment Security, LaClede Family Savings, Neosho School Employees, Northeast Regional, St. Joseph Teachers' St. Louis Community, St. Louis Newspaper Carriers, and Stationary Credit Union.

The Commission's next quarterly meeting is scheduled for 10:30 AM, February 3, 2000.

DISASTER RECOVERY PLANNING

There is no question that a great deal of time and dollars were expended on the Y2K effort, and we will all be relieved when the day comes and goes. While the event has not yet made its debut, it may be appropriate to reflect on some of the benefits of Y2K that will produce results after the first of the year.

Certainly all credit unions have benefited from the review of computer systems. At the very least there is a greater understanding of the systems and many credit unions have taken the opportunity to upgrade software/hardware. In addition to the technological side, credit unions were required to address contingency planning which included disaster recovery plans.

The Division of Credit Unions believes this is a good opportunity to fully utilize the plans that are in place to build an overall disaster recovery program. Disaster recovery is an oft-neglected subject that many see as only being relevant in the event it is needed. It is true that those credit unions that did need to restore operations from some disaster were pleased they had plans in place. On a broader scale, being fully prepared for eventualities is clearly a measure of safe and sound management.

During the coming year examiners will be reviewing credit unions' disaster recovery programs and if necessary making recommendations for improvements. We urge credit unions not to wait for this review but begin efforts to review and revise current disaster recovery efforts now. Preparedness is good insurance against any disaster, which could disrupt part, or all of a credit union's operation.

FROM THE DIRECTOR

Once again you are reminded of the invitation to meet with me. Four meetings have been scheduled for credit union officials to meet with

the Director of the Division of Credit Unions. The purpose of the meetings is to answer questions regarding the Credit Union Commission's field of membership (FOM) rules, the application process, and any other topics. Credit unions are requested to review the FOM expansion application that is on the Division's internet home page <http://www.ecodev.state.mo.us/cu/> and be prepared to present ideas and suggestions on how the form can be improved. The dates, times, and locations of meetings are:

TIME AND DATE	LOCATION
Wednesday January 12, 2000 2 to 4 PM	St. Louis Sheraton Plaza Hotel 191 West Port Plaza (314) 8781500
Tuesday January 18, 2000 2 to 4 PM	Jefferson City Division of Professional Registration 3605 Missouri Blvd. Jefferson City, Mo. 65109, (573) 751-0293.
Wednesday January 19, 2000 2 to 4 PM	Kansas City Midwest United Credit Union 1800 Outer Road Blue Springs, MO 64015 (816) 2281800
Thursday January 20, 2000 2 to 4 PM	Springfield Postal Federal Community Credit Union 1770 W. Sunset Springfield, MO 65807 (417) 8871983

No reservations are necessary. To confirm that a meeting will still be held, in the event of inclement weather, call the Division of Credit Unions at (573) 751-34219 on the day of the meeting.

As this is being written, the examiners are completing the mid-December Y2K health checks of credit unions. We are not discovering anything out of the ordinary. I do appreciate credit union employees coming into work over the rollover weekend and testing their systems one last time. We too will be on duty and available.

I appreciate the understanding credit unions have displayed while the Credit Union Commission and the Division of Credit Unions have carefully interpreted the new field of membership statutes, developed regulations, and put the new rules and procedures in place. We now have a process in place and will work diligently to improve the application form and the method of processing applications for field of membership expansions. Your suggestions for improving this process are encouraged and always welcome. .

From myself and all staff of the Division, we wish you safe and joyful holidays.

John P. Smith, Director